GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1453
ANSWERED ON:08.03.2002
PRICE RISE
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that despite of low rates of inflation recorded in the recent months the prices of most commodities are still high for common man;

(b) if so, the reasons for this paradoxical situation;

(c) the trends of consumer price index and inflation rate from month to month since April, 2001 and the comparative figures for the last three years;

(d) the percentage of increase in prices of essential commodities during the last three years, till date;

(e) the extent to which the rise in the cost of living resulting therefrom has been compensated in respect of Union Government employees by way payment of DA indicating the neutralisation in rise in cost of living; and

(f) the steps taken to ensure that consumer prices remain within easy reach of the common man?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) The group of 30 essential commodities whose wholesale prices are monitored every week have, so far till 16th February 2002, registered an annual price rise of 2.9%. Some of the essential commodities in this group are seasonal in nature and their prices fluctuate during the year.

(b) For common man it is the foodgrains that constitute the wage goods and their prices have not risen at all, if obtained through PDS. Even outside the PDS, the prices of rice and wheat have not risen during the current year.There has been some rise in the price of edible oil which is partly due to increase in the import duty on oils imported into the country. Some of the commodities whose prices are lower than last year are: tea, sugar, salt and urad. Other essential commodities have recorded only a marginal increase in prices.

(c): Consumer Price Index for Industrial workers and annual inflation based on this is listed below:

Month	01-02		00-01		99-00	
	Index	% incr.	Index	% incr.	Index	% incr.
Apr	448	2.3	438	5.5	415	8.4
May	451	2.5	440	5.0	419	7.7
Jun	457	3.4	442	5.2	420	5.3
Jul	463	4.0	445	5.0	424	3.2
Aug	466	5.2	443	4.0	426	3.1
Sep	465	4.7	444	3.5	429	2.1
Oct	468	4.2	449	2.7	437	0.9
Nov	472	4.9	450	2.7	438	0.0
Dec	469	5.2	446	3.5	431	0.5
Jan	467	4.9	445	3.2	431	2.6
Feb	-	-	443	3.0	430	3.6
Mar	-	-	445	2.5	434	4.8

(d): The annual inflation (end of the year-point to point) in essential commodities based on WPI and CPI-IW for the last three years is

given below:

(Per cent)

	99-00	00-01	01-02
WPI based	5.4	3.0	1.7+
CPI based	2.8	2.9	4.3++

+ as on January, 2002.
++ as on December, 2001.

(e): Per cent increase in Dearness Allowance paid to Central Government employees during the last three years is listed below:

Year	Jan-Jun	Jul-Dec	Total
1999	10	5	15
2000	1	3	5
2001	2	2	4

(g) The Government has already in place the policy of supplying foodgrains to anestimated number of 65.2 million BPL families at a highly subsidized rate of Rs.4.50 per kg for wheat and Rs.5.65 per kg for rice. The monthly quota for BPL families was raised from 10 kgs to 20 kgs w.e.f April 2000, which was again increased to 25 kgs w.e.f July 2001. Under the Antyodaya Anna Yojana Scheme, launched in December 2000, 10 million poorest families out of the BPL population would be supplied 25 kgs of foodgrains per family at a much lower price of Rs 2 per kg for wheat and Rs 3 per kg for rice. Apart from this direct support, the low inflation rate recorded during the past two years is considered beneficial to the common man.